

Robert Morrow



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May 5, 2003

FCC Appeal of SLD Denial of Appeal

CC Docket Nos. 96-45 and 97-21

Contact Information

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Note: Letter of Agency to act on behalf of Scott County Schools is attached

SLD Action Being Appealed:

Administrator's Decision on Appeal – Funding Year 2002-2003
Dated April 22, 2003 (attached)

471 Applications Involved

328913 (FRN 886667), 317430 (FRN 839046)

Case for Appeal

For Year 5 funding, Scott County Schools filed for basic telephone services, internet access, paging and a number of requests for items in the internal connections category. Upon review, the SLD noted that the vendor providing the internal connection items included a letter of credit to cover the applicant's portion of the costs, a violation of SLD regulations. The requests were denied. Scott County recognized its error -- which was unintentional -- and the SLD's decision was not appealed.

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List ABOVE

Scott County did appeal the denial of funding for internet access and paging services. The SLD's logic for the initial denial as well as the denial of the subsequent appeal was two-fold:

- The internal connections requests showed that the school district was counting on outside resources to meet its part of the funding commitments
- Because the 2002 Tennessee budget had not been finalized, there was no clear proof that Scott County's share of internet and paging expenses for the 2002-2003 year had been budgeted.

We disagree strongly with both conclusions.

The letter of credit offered in the internal connections contracts applied only to those items in the contracts. The offending Form 471 FRNs were correctly denied and not appealed. The reasoning behind the denial should not be selectively applied to other requests not involving that vendor.

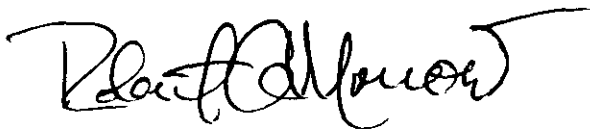
The SLD did not apply its findings to basic services, probably because these services are not optional and must be annually budgeted, like heat and electricity, regardless of any outside support. To treat internet access differently ignores the fact that internet access is an integral part of the daily working of all Tennessee schools and is required by the state. Scott County Schools has funded internet service and paging services in the past and continues to do so today, even though it is currently receiving no e-rate funding for the 2002-2003 funding year. It does so because these services are as critical to the day-to-day activities of the school district as voice telephone service.

Scott County provided evidence during review and in its appeal that funding was budgeted for both items. In exhibit A, submitted April 2, 2002, it showed its proposed, but not yet approved, 2002-2003 budget. Line 71100-429, which includes basic service, long distance, cellular and paging expenses, is identical to the 2001-2002 budgets the district was operating under. Line 71100-722, which covers equipment and internet access expenses, increased by \$2,887,172, which corresponds to the applicant's share of the internal connections expenses requested (and denied) for Year 5.

From these figures it is obvious that the applicant's share of internet access and paging expenses were contained in the year 2001-2002 budgets. When appealing the funding denial, Scott County Schools certified (Exhibit B) that it was still operating under those 2001-2002 budgets. While this might have negatively affected a decision about the internal connections request had that decision been appealed, it reinforces the fact that money was indeed budgeted for internet and paging.

Scott County Schools has subsequently proved the validity of its evidence by paying all of its internet and paging bills without e-rate support. In its initial review, in its appeal and in its actions since that appeal Scott County Schools has clearly demonstrated that funding for internet and paging services was available and budgeted and the SLD's denial should be overturned.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Morrow". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Robert Morrow

Attachments: Budget information dtd April 2, 2002 (exhibit A)
Budget letter dtd July 29, 2002 (exhibit B)
USAC Administrator's Decision on Appeal dtd April 22, 2003
Letter of Agency from Scott County Schools

Scott County Board Of Education

Exhibit A

**P.O. Box 37
208 Court Street**

Huntsville, Tennessee 37756

**Mike Davis
Director Of Schools**

**Phone: (423) 663-2159
Fax: (423) 663-9682**

To: Universal Services Administrative Company
From: Mr. J. Mike Davis, Director of Schools and Archer Coppedge, II, Director of Technology
Subject: E-Rate Review
Date: April 2, 2002

Internet Access – 471 Application Number 328913

The Scott County School System is currently working on the development of our final budget for the 2002-2003 school year. We have enclosed a copy of the 2001-2002 budget and a working copy of what we would like to see for the 2002-2003 school year. It will be several months before our 2002-2003 budget is completed and approved. We will be happy to submit the 2002-03 budget for your review as soon as it is completed and approved.

Scott County School System is part of a statewide consortium for Internet Access. The vendor currently under contract is Educational Networks of America. We are currently waiting on final information from the State and ENA on our complete level of services for 2002-2003.

Scott County School System is planning to pay the non-discounted portion for Internet Access, Year 5, from code 71100-722. We are currently paying \$14,063.40 per year. This amount will be adjusted when the new level of services are announced to Scott County Schools.

We currently lease T-1 lines at all of our schools. At this time, the Tennessee State Department of Education has not informed us of our approved amount for services. We are waiting on the up-grade information from the State Department so that we can adjust our budget for 2002-2003.

The Tennessee State Department of Education will be sending you the additional information needed for this item. Lisa Cothron and Tom Bayersdorfer are our contacts from the Tennessee Department of Education. You can reach Tom Bayersdorfer at 615-532-1254 and Lisa Cothron at 615-532-2818.

Scott County Board Of Education

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208 Court Street
Huntsville, Tennessee 37756**

**Mike Davis
Director Of Schools**

**Phone: (423) 663-2159
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To: Universal Services Administrative Company
From: Mr. J. Mike Davis, Director of Schools and Archer Coppedge, II, Director of Technology
Subject: E-Rate Review
Date: April 2, 2002

Telecommunications – 471 Application Number 317430

The Scott County School System is currently working on the development of our final budget for the 2002-2003 school year. We have enclosed a copy of the 2001-2002 budget and a working copy of what we would like to see for the 2002-2003 school year. It will be several months before our 2002-2003 budget is completed and approved. We will be happy to submit the 2002-03 budget for your review as soon as it is completed and approved.

The Scott County School System participated in the RFP for the statewide consortium for Telecommunications, but was unable to participate in the bid process with the rest of the consortium. Due to the remote nature of Scott County there are very few providers of wireless telecommunication service. We currently have service with Tele-Page, Incorporated. This is submitted as Month-to-Month Service and does not require a signed copy of a contract with the service provider.

The amount above our discounted services will be paid at the district level from the following code, 71100-429. The funding to cover the non-discounted portion of this request for Year 5 will be similar to the amount in Year 4.

ACCOUNT NO.	EXPENDITURES	(1) TOTAL ALL FUNDS	(2) GENERAL PURPOSE FUND 141	(3) FEDERAL PROJECTS FUND 142	(4) FOOD SERVICE FUND	(5) FUND
1	INSTRUCTION - 71000					1
2	REGULAR INSTRUCTION PROGRAM (71100)					2
3	71100 116 Teachers	5,296,013	4,876,811	419,202	0	0 3
4	71100 117 Career Ladder Program	140,000	140,000	0	0	0 4
5	71100 127 Career Ladder Extended Contracts	60,000	60,000	0	0	0 5
6	71100 128 Homebound Teachers	0	0	0	0	0 6
7	71100 162 Clerical Personnel	0	0	0	0	0 7
8	71100 163 Educational Assistants	317,275	288,830	30,845	0	0 8
9	71100 189 Other Salaries & Wages	0	0	0	0	0 9
10	71100 195 Substitute Teachers	119,000	110,000	9,000		
11	71100 201 Social Security	367,245	339,354	27,891		
12	71100 204 State Retirement	188,207	172,612	15,595		
13	71100 206 Life Insurance	4,390	4,390	0		
14	71100 207 Medical Insurance	568,563	532,124	36,439		
15	71100 208 Dental Insurance	0	0	0	0	0 15
16	71100 210 Unemployment Compensation	20,265	15,855	4,410	0	0 16
17	71100 212 Employer Medicare	85,887	79,364	6,523	0	0 17
18	71100 299 Other Fringe Benefits	0	0	0	0	0 18
19	71100 311 Contracts with Other School Systems	0	0	0	0	0 19
20	71100 336 Maintenance & Repair Services - Equipment	0	0	0	0	0 20
21	71100 356 Tuition	0	0	0	0	0 21
22	71100 399 Other Contracted Services	0	0	0	0	0 22
23	71100 429 Instructional Supplies & Materials	204,580	145,000	59,580	0	0 23
24	71100 449 Textbooks	120,000	120,000	0	0	0 24
25	71100 499 Other Supplies & Materials	0	0	0	0	0 25
26	71100 535 Fee Waivers	0	0	0		
27	71100 599 Other Charges	14,262	14,262	0		
28	71100 722 Regular Instruction Equipment	3,109,778	3,109,778	0		
29						
30						
31	71100 TOTAL EXPEND. FOR REGULAR INSTR. PROGRAM	10,615,483	10,006,178	609,305	0	0 31
32						32
33						33
34						34
35						35
36						36
37						37
38						38
39						39
40						40

Archer Cappedge, II:
\$5,692 is to cover our portion of E-rate.
This covers 471 Application Numbers:
312636 313267 308813 317430

Archer Cappedge, II:
\$2,901,237 is to cover our portion of E-rate.
This covers 471 Application Numbers:
306621 and 328913

ACCOUNT NO.							
		INSTRUCTION - 71000	ACTUAL	ACTUAL	Actual	Actual Request	Amended
		REGULAR INSTRUCTION PROGRAM (71100)	1998-1999	1999-2000	2000-2001	2001-2002	2001-2002
1	71100 116	Teachers.....	4,735,171	4,654,121	4,837,183	4,723,490	4,828,079
2	71100 117	Career Ladder Program.....	147,408	149,724	176,016	140,000	140,000
3	71100 127	Career Ladder Extended Contracts.....	46,200	60,050	58,150	60,000	60,000
4	71100 128	Homebound Teachers.....	-	-			
5	71100 162	Clerical Personnel.....	-	-			
6	71100 163	Educational Assistants.....	286,263	300,143	313,901	296,236	298,836
7	71100 189	Other Salaries & Wages.....	-	-			
8	71100 195	Substitute Teachers.....	107,639	109,453	103,312	110,000	110,000
9	71100 201	Social Security.....	338,047	374,017	337,986	327,096	339,188
10	71100 204	State Retirement.....	273,203	248,244	193,209	183,154	188,052
11	71100 206	Life Insurance.....	-	-		4,250	4,390
12	71100 207	Medical Insurance.....	344,390	400,626	396,580	395,912	374,026
13	71100 208	Dental Insurance.....	-	-			
14	71100 210	Unemployment Compensation.....	736	6,726	11,672	15,855	15,855
15	71100 212	Employer Medicare.....	75,424	74,623	77,478	76,499	79,326
16	71100 299	Other Fringe Benefits.....	-	-			
17	71100 336	Maintenance & Repair Services - Equipment.....	-	-			
18	71100 356	Tuition.....	-	-			
19	71100 399	Other Contracted Services.....	-	-			
20	71100 429	Instructional Supplies & Materials.....	190,159	182,543	241,230	145,000	145,000
21	71100 449	Textbooks.....	115,506	111,966	110,332	120,000	120,000
22	71100 499	Other Supplies & Materials.....	-	-			
23	71100 599	Other Charges.....	7,906	13,580	12,170	6,000	14,282
24	71100 722	Regular Instruction Equipment.....	302,689	440,968	480,074	222,603	222,603
25							
26							
27	71100	TOTAL EXPEND. FOR REGULAR INSTR. PROGRAM	6,970,741	7,126,784	7,349,293	6,826,095	6,939,617

Scott County Board Of Education

P.O. Box 37

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Huntsville, Tennessee 37756

**Mike Davis
Director Of Schools**

**Phone: (423) 663-2159
Fax: (423) 663-9682**

To: Universal Services Administrative Company
From: Mr. J. Mike Davis, Director of Schools
Subject: Scott County Schools Budget and Scott County Court Resolution
Date: July 29, 2002

To Whom It May Concern:

As the Executive of Scott County, I attest to the fact that Scott County Court has passed a resolution to allow the Scott County Government, which includes the Scott County School System, to continue operating on the 2001-2002 budget.

This gives the Scott County School System the ability to operate as needed until such time that a final budget is passed.

If there is anything else that I can do to expedite this process, or if I can provide any additional information please feel free to contact me at: kljehfklpjshdlkjfhslkjfhslkjfhslkjfh